

Assembly Concurrent Resolution No. 6

RESOLUTION CHAPTER 6

Assembly Concurrent Resolution No. 6—Relative to Financial Literacy Month.

[Filed with Secretary of State March 14, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

ACR 6, Koretz. Financial literacy education.

This measure would declare the month of April 2005 as Financial Literacy Month, in order to raise public awareness about the need for increased financial literacy.

WHEREAS, Californians' total personal income is 60 percent higher than any other state and accounts for 13 percent of all personal income in the United States; and

WHEREAS, During the past two decades the proportion of households with outstanding debt has risen dramatically, and this increase has been the greatest for the bottom 40 percent of the income distribution; and

WHEREAS, Sixty percent of American households carry forward some portion of their credit card debt every month, with an average balance of more than \$4,000, and 20 percent of families with an annual income below \$50,000 spend close to one-half of their net income on debt payments; and

WHEREAS, Seventy percent of American households are living paycheck to paycheck; and

WHEREAS, More than 75 percent of all college students have at least one credit card with an average debt of almost \$3,000, and some university administrators state that more students drop out due to credit card debt rather than to academic failure; and

WHEREAS, More young adults filed for bankruptcy than graduated from college in 2001, and personal bankruptcy filings increased in 2003 to 1.7 million, with personal nonbusiness bankruptcies accounting for 97.6 percent of all bankruptcy cases, thereby contributing to an alarming decade-long increase in personal bankruptcies of more than 70 percent; and

WHEREAS, Approximately 15 percent of workers in the United States report they are experiencing stress from financial problems that negatively impacts their productivity on the job, more than one-third of the workforce reports that financial worries sometimes hamper job performance, and 34 percent of workers rate their financial stress as high to extreme, while 54 percent worry about the amount they owe; and

WHEREAS, The net worth of the average middle-class American household, excluding equity in a house, is less than \$15,000; and

WHEREAS, The average life expectancy in the United States recently reached a record high of 74.1 years for men and 79.5 years for women, 25 percent of women currently retire on an income below the poverty level, and over the next 40 years the number of women over 85 is expected to triple; and

WHEREAS, The United States reportedly has the lowest individual savings rate in the industrialized world, almost one-half of all workers have accumulated less than \$50,000 for their retirement, and one-third have saved less than \$10,000; and

WHEREAS, Nearly 40 percent of older Baby Boomers are not confident about a secure retirement that is predicted to last up to 35 years; and

WHEREAS, More older Americans will be confronted with the inadequate funding of a much longer retirement, and are going to be relying on second careers, family contributions, charity, or government programs to subsidize retirement programs and savings; and

WHEREAS, High school seniors taking part in a national survey of financial knowledge scored an average of 50.2 percent, a failing grade, continuing a declining trend in scores since 1977; and

WHEREAS, Increasing the financial literacy of all economic and ethnic groups has proven successful in improving attitudes, leading to improved decisionmaking, and providing a more secure future for individuals who have been educated in financial literacy and their families; and

WHEREAS, Financial literacy training may easily be integrated as a valuable component for elementary and secondary schools, colleges and universities, community groups, and citizen town hall meetings; and

WHEREAS, Many groups are dedicated to increasing the financial literacy of Americans and a broad range of quality personal finance instructional materials and curricula have been created for this purpose, but the audience to which this information is vital is not being reached; now, therefore, be it

Resolved by the Assembly of the State of California, the Senate thereof concurring, That the Legislature hereby declares the month of April 2005 as Financial Literacy Month, in order to raise public awareness about the need for increased financial literacy; and be it further

Resolved, That legislators, employers, schools, service groups, community organizations, libraries, financial institutions, and the media, be encouraged to provide opportunities for financial literacy education for all Californians through a variety of means, including collaboration with members of the California Society of Certified Public Accountants, California JumpStart Coalition, and others, in order to provide outreach and education; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the author for appropriate distribution.